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INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE  
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RUCNMEM/EU MEMBER STATES COLLECTIVE  
RUEHAK/AMEMBASSY ANKARA 5680  
RUEHBJ/AMEMBASSY BEIJING 3395  
RUEHKO/AMEMBASSY TOKYO 3259  
RUEHIT/AMCONSUL ISTANBUL 3923  
RHEHNSC/NSC WASHDC  
RHMCSUU/CDR USCENTCOM MACDILL AFB FL  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHDC  
RUEKJCS/JOINT STAFF WASHDC  
RUEKJCS/SECDEF WASHINGTON DC  
RUEHVEN/USMISSION USOSCE 3906

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 001183

SIPDIS

STATE FOR SCA/CEN

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SUBJECT: TURKMENISTAN: RELATIONS WITH TURKEY STEADY, BUT  
NOT IMPROVING

REF: ASHGABAT 1121

Classified By: Acting DCM Peter Eckstrom, Reasons 1.4 (B) and (D).

¶1. (C) SUMMARY: President Berdimuhamedov visited the Turkish tourist area of Antalya in late August on an unofficial visit, getting a view of how the Turkish have developed their tourist industry through private investment and partnership with international tourist agencies. The Government of Turkey is working to convince Turkmenistan to change its laws to allow private investment into a variety of sectors. Despite their frustration about the lack of progress on that front, Turkish companies and citizens are prospering in Turkmenistan. END SUMMARY.

TURKEY PUSHING FOR FOREIGN INVESTMENT IN TOURISM...

¶2. (C) Hakan Chengiz, Deputy Chief of Mission at the Embassy of Turkey, gave Poloff a readout on President Berdimuhamedov's trip to Turkey on 27-28 August. Berdimuhamedov arrived in Turkey after an official visit to Bulgaria, and he brought only a few of the ministers that accompanied him on that portion of the trip, including Foreign Minister Rashid Meredov, Minister of Economy and Finance Tuwakmammet Japarov, Minister of Trade and Textiles Hojamuhammet Muhammedov, and Minister of Oil and Gas Baymyrat Hojamuhammedov. Chengiz described the trip as unofficial -- more of a vacation than a working visit. Berdimuhamedov met with Turkish president Gul and spent most of the second day of the visit seeing hotels and tourist sites in Antalya, one of Turkey's resort areas. Berdimuhamedov and Gul also managed to set aside some time to relax on a yacht.

¶3. (C) Chengiz told Poloff that the Government of Turkey's goal for this trip was to convince Berdimuhamedov to open Turkmen tourist sites to foreign investment and international tourist agencies. They included briefings for the Turkmen president by Turkish businessmen and were promoting Antalya as an example of how tourism could flourish as a private sector business. Chengiz mentioned that this trip built on points that the Turkish had made when President Gul traveled to Turkmenbashi, along with Azerbaijan president Aliyev, in November 2008. Chengiz noted that Berdimuhamedov did not respond officially, but he did seem more convinced by the

Turkish argument than previously. In his public statement after returning to Turkmenistan, Berdimuhamedov said that Turkmenistan would follow the Turkish example, and he invited representatives from the hotel he stayed at in Antalya to Turkmenistan.

... AND IN OTHER SECTORS

14. (C) The Government of Turkey is also attempting to convince Turkmenistan to change its laws and ways of doing business to allow foreign investment into a variety of sectors. Turkey is interested in building factories, particularly those that would supply their construction work, embarking on infrastructure projects, and refurbishing Turkmenistan's airports and the port at Turkmenbashi. Under the current system, they are restricted to working as contractors for Turkmen government projects.

15. (C) When asked about the overall trend for Turkish companies doing business in Turkmenistan, Chengiz said that the trend was fairly steady. Last year was a record year for new contracts, with \$5.3 billion in contracts signed. However, Turkish companies continue to face problems meeting deadlines because of red tape and getting payments on time from the Turkmen government. This does not dissuade Turkish companies from doing business in Turkmenistan, but it does stop the first-tier Turkish companies from entering the market (reftel).

CASPIAN ENERGY MENTIONED AS A SIDE NOTE

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16. (C) Chengiz said that issues regarding the Caspian Sea and energy came up during the meeting of the two presidents, and Berdimuhamedov reiterated his offer to provide gas to Turkey via a trans-Caspian pipeline. Chengiz acknowledged that it was "an empty promise" until the border dispute between Turkmenistan and Azerbaijan was solved and a trans-Caspian pipeline could be built. In his opinion, Turkmenistan is determined to take the case to International Arbitration Court, even though the Court's rules are unclear about whether one country can unilaterally bring a case without the agreement of the other country. Turkey has offered multiple times to act as an arbitrator between Azerbaijan and Turkmenistan, but Turkmenistan has refused the offer, saying that they wanted to deal with the problem bilaterally.

TURKS LIVING COMFORTABLY IN TURKMENISTAN

17. (C) As a side note to the conversation, Chengiz mentioned that there are 6,000 Turkish citizens in Turkmenistan, mostly in Ashgabat, making them one of the largest expatriate communities. There are businessmen, construction workers, and teachers. Most Turks who come for business tend to stay, working first on one project, then another. The Turkish Embassy organizes cultural events for the community, including showing foreign and Turkish movies several times a week.

18. (C) COMMENT: Despite Chengiz's apparent frustration about the lack of development and privatization in Turkmenistan's economy, Turkish companies and Turkish citizens are doing relatively well. Just the fact Turkish companies currently doing business in Turkmenistan network with and provide advice to Turkish companies contemplating entering the market is a sign of the depth of their presence in Turkmenistan, and that it remains an attractive business opportunity. END COMMENT.  
CURRAN